

**PRESTON  
MINES  
LIMITED**

**ANNUAL REPORT 1972**







# Preston

MINES LIMITED

## **ANNUAL MEETING**

An annual meeting of the shareholders of the Company will be held on Friday, April 27, 1973 at 11:00 a.m. (Toronto time) in the Conference Room, 26th floor, 120 Adelaide Street West, Toronto, Canada.

**Annual Report 1972**

# Preston Mines Limited

## Officers

R. D. Armstrong  
G. R. Albino  
G. Baker  
A. C. Turner  
J. Van Netten

President  
Vice-President  
Vice-President  
Secretary  
Treasurer

## Directors

G. R. Albino  
R. D. Armstrong  
G. Baker  
J. I. Crookston  
Dr. G. B. Langford

R. D. Lord  
B. R. MacKenzie, Q.C.  
W. C. Pitfield  
J. R. Robinson

## Head Office

120 Adelaide Street West, Toronto, Canada

## Bankers

The Toronto-Dominion Bank

Toronto, Ontario

## Auditors

Coopers & Lybrand, Chartered Accountants

Toronto, Ontario

## Transfer Agents

Common Shares

Canada Permanent Trust Company

Toronto, Ontario

Canadian Bank of Commerce Trust Company

New York, N.Y.

## Common Shares Listed

Toronto Stock Exchange

Toronto, Ontario

American Stock Exchange

New York, N.Y.

# Directors' Report

Your Directors are pleased to submit this report on the operations and financial position of the Company for the year ended December 31, 1972.

## Financial

Net earnings for 1972 were \$6,883,336 representing 88 cents per share on the average number of shares outstanding during the year, as compared with \$4,010,458 or 51 cents per share in the previous year. The net earnings for 1972 and 1971 are after including equity in net earnings of Rio Algom Mines Limited of \$6,815,425 and \$3,902,460 respectively, representing the Company's 43.94% share of the consolidated net earnings of that company.

Dividends received from Rio Algom Mines Limited were \$2,152,960 in both 1972 and 1971 and dividends paid by the Company were \$2,197,813 in both of those years.

## Investment in Rio Algom Mines Limited

No change has been made in the Company's investment in Rio Algom which remains at 5,382,400 common shares, representing an interest of 43.94% of the issued common shares of that company. For your information and with the consent of Rio Algom the 1972 Annual Report of that company is forwarded to you with this report.

## Stanleigh Property

In 1970 it was reported that preliminary estimates of ore reserves, capital costs and operating costs indicated that uranium prices then available were too low to permit profitable operation of the Company's Stanleigh uranium property. It was therefore not expected that the mine would be reopened for some time. There has been no significant change in this position.

## Directors

Mr. J. R. Robinson is retiring from the Board of Directors at the Annual Meeting of Shareholders to be held on April 27, 1973. His fellow Directors wish to express their appreciation to Mr. Robinson for his services to the Company. It is intended that the one vacancy on the Board created by the retirement of Mr. Robinson will be filled by Mr. R. W. Wright, a Deputy Chairman and Deputy Chief Executive of The Rio Tinto-Zinc Corporation.

Toronto, Canada  
February 26, 1973

On behalf of the Board  
R. D. ARMSTRONG  
President



## **Auditors' Report**

To the Shareholders of Preston Mines Limited:

We have examined the statement of financial position of Preston Mines Limited as at December 31, 1972, and the statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
February 15, 1973

COOPERS & LYBRAND  
Chartered Accountants

# Preston Mines Limited

(Incorporated under the laws of Ontario)

## Statement of Financial Position December 31, 1972

CURRENT ASSETS:	1972	1971
Cash and short term deposits .....	\$ 1,404,050	\$ 1,387,744
Accounts receivable .....	13,757	20,482
Accounts receivable from affiliated companies .....	12,283	3,107
	<u>1,430,090</u>	<u>1,411,333</u>
Less:		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities .....	5,521	9,822
Unclaimed dividends .....	137,992	137,992
	<u>143,513</u>	<u>147,814</u>
WORKING CAPITAL .....	1,286,577	1,263,519
Investment in Rio Algom Mines Limited		
5,382,400 common shares (note 1) .....	77,515,628	72,853,163
Debentures, at cost .....	477,500	477,500
Mining properties, less amortization (note 2) .....	2	2
Deferred development expenditure .....	592,860	592,860
EXCESS OF ASSETS OVER LIABILITIES .....	<u>\$79,872,567</u>	<u>\$75,187,044</u>
OWNERSHIP EVIDENCED BY:		
Capital stock —		
Authorized:		
1,069,925 4% cumulative, redeemable, non-voting preference shares with a par value of 50 cents each		
10,000,000 common shares without par value		
Issued:		
7,849,333 common shares .....	\$26,910,985	\$26,910,985
Contributed surplus .....	24,993,673	24,993,673
Retained earnings .....	<u>27,967,909</u>	<u>23,282,386</u>
	<u>\$79,872,567</u>	<u>\$75,187,044</u>

Approved on behalf of the Board:

J. IAN CROOKSTON, Director.

R. D. ARMSTRONG, Director.



# Statement of Earnings and Retained Earnings

YEAR ENDED DECEMBER 31, 1972

## EARNINGS

REVENUE:	1972	1971
Proceeds from sales of plant and equipment .....	\$ 73,455	\$ 116,545
Less cost of reconditioning equipment sold .....	7,802	9,458
	<u>65,653</u>	<u>107,087</u>
Investment and other income .....	116,224	104,074
	<u>181,877</u>	<u>211,161</u>
EXPENSE:		
Idle mine expense .....	52,826	52,326
Administrative and general expense .....	61,140	50,837
	<u>113,966</u>	<u>103,163</u>
Operating profit .....	67,911	107,998
Equity in net earnings of Rio Algom Mines Limited .....	6,815,425	3,902,460
NET EARNINGS FOR THE YEAR (note 3) .....	<u>\$ 6,883,336</u>	<u>\$ 4,010,458</u>
Earnings per common share		
— Operating profit .....	\$ .01	\$ .01
— Net earnings for the year .....	.88	.51

## RETAINED EARNINGS

BALANCE, beginning of year .....	\$23,282,386	\$21,469,741
Net earnings for the year .....	6,883,336	4,010,458
	<u>30,165,722</u>	<u>25,480,199</u>
Dividends paid on common shares .....	2,197,813	2,197,813
BALANCE, end of year .....	<u>\$27,967,909</u>	<u>\$23,282,386</u>



## Statement of Changes in Financial Position

YEAR ENDED DECEMBER 31, 1972

SOURCE OF FUNDS:	<u>1972</u>	<u>1971</u>
Net earnings before equity in net earnings of Rio Algom Mines Limited .....	\$ 67,911	\$ 107,998
Dividends from Rio Algom Mines Limited .....	<u>2,152,960</u>	<u>2,152,960</u>
	2,220,871	2,260,958
 DISPOSITION OF FUNDS:		
Dividends on common shares .....	<u>2,197,813</u>	<u>2,197,813</u>
INCREASE IN WORKING CAPITAL .....	<u>\$ 23,058</u>	<u>\$ 63,145</u>

# Notes to Financial Statements

DECEMBER 31, 1972

## 1. Investment in Rio Algom Mines Limited

The Company's investment in common shares of Rio Algom Mines Limited represents 43.94% of the issued common shares of Rio Algom and is carried on the equity accounting basis. The cost of the Company's investment exceeded its equity in the net assets of Rio Algom at date of acquisition by \$11,221,004 and this excess has been written off.

Investment in common shares of Rio Algom at cost .....		\$50,828,700
Add:		
Equity in retained earnings January 1, 1972 .....	\$33,245,467	
Less writeoff of excess of cost over equity in net assets of Rio Algom at date of acquisition .....	<u>11,221,004</u>	22,024,463
Equity in net earnings for the year .....		<u>6,815,425</u>
		79,668,588
Less dividends received for the year .....		<u>2,152,960</u>
Balance, December 31, 1972 .....		<u><u>\$77,515,628</u></u>

## 2. Plant and equipment consists of:

	<u>1972</u>	<u>1971</u>
Buildings, machinery and equipment, at cost .....	\$10,110,389	\$10,499,745
Less accumulated depreciation .....	<u>10,110,389</u>	<u>10,499,745</u>
	<u>\$ —</u>	<u>\$ —</u>
Mining properties consists of:		
Mining properties, at cost .....	\$ 569,789	\$ 1,752,654
Less accumulated amortization .....	<u>569,787</u>	<u>1,752,652</u>
	<u>\$ 2</u>	<u>\$ 2</u>

## 3. Income and mining taxes

Because of the exemptions and deductions permitted for tax purposes, it is estimated that the Company has no liability for income or mining taxes for the year.

## 4. Remuneration of directors and senior officers

During the year ended December 31, 1972 the aggregate direct remuneration paid or payable by the Company to the directors and senior officers of the Company was \$8,050.







**Rio Algom**  

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**Rio Tinto**

